

Security Information

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PRINCIPLES GOVERNING BUDGETARY RELATIONSHIPS  
BETWEEN [ ] AND CIA

25X1

1. It is the intent of CIA in its annual contract with [ ] to stipulate that it has an appropriation available up to \$500,000 for conduct of research projects as mutually agreed upon case by case between the two parties.

2. Projects undertaken within the \$500,000 limitation should be mutually agreed upon before initiation by [ ]. It is essential that preliminary budgets on individual project basis be reviewed within the Agency to determine their relative priority, scope, relationship to other agency activity, etc.

25X1

3. It is recognized that within the \$500,000 that the Agency is responsible for payment of certain continuing fixed costs such as administration, guard service, document control, etc. It is also recognized that certain project development costs will have to be incurred by [ ] prior to final project approval by the Agency.

25X1

4. Consideration by the Agency of the individual projects to be undertaken within the total amount available necessitates consideration of the basis for the estimated cost. It is realized by the Agency that it is not possible to forecast accurately the over-all cost of projects nor the detailed items of cost that will be incurred in project execution. It is assumed that every effort will be made to provide in advance the best estimate possible of the requirements for carrying out the stated scope of the project. In this connection, because of the nature of funding of the Agency, it is important that contingency items not be reflected in project costs. The elimination, however, of such contingency items is with the understanding that should expenses exceed the original estimate that the Agency will make provision therefore, subject to paragraph 5 below and as long as the total expenditure under the contract does not exceed the ceiling of \$500,000.

5. The approval by the Agency of a project together with the breakdown of its estimated cost should not be construed as a limitation by object of expenditure. Instead it is assumed that [ ] will assure, through budgetary controls, that the project is conducted within the general framework of the initial cost estimate with latitude for the use for funds within the total. In addition, that when experience indicates that an over-all approved project cost will be materially deviated from; that such deviations be called to the attention of the Agency. It is not assumed that project cost accounting will be maintained in this connection by [ ].

25X1

6. In accordance with present Agency policy, it should be understood that in its annual extension of the contract it is the intent of the Agency to maintain an annual level of research at [ ] if not in excess of \$500,000. It is not intended that unutilized prior year authorizations shall carry over and be available in addition to the new annual authorization.

25X1

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